

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-328-W/S - ORDER NO. 2001-943
SEPTEMBER 19, 2001

IN RE: Request Kiawah Island Utility, Inc. for)
Approval of Contract with TSG Resources,)
Inc.)

ORDER ON ORAL
ARGUMENTS

This matter comes before the Public Service Commission of South Carolina (the Commission) for disposition after oral arguments on the Petition for Declaratory Order filed by the Kiawah Property Owners Group, Inc. (KPOG) and the Town of Kiawah (the Town) regarding a management audit of Kiawah Island Utility, Inc. (KIU) first mentioned in concept by us in our Order No. 2000-0401. In Order No. 2001-574, we set the matter of the Petition for oral argument.

Said oral arguments were held on September 5, 2001 at 2:30 PM in the offices of the Commission, with the Honorable William Saunders, Chairman, presiding. KPOG and the Town were represented by Michael A. Molony, Esquire. The respondent Kiawah Island Utility, Inc. (KIU) was represented by G. Trenholm Walker, Esquire. The intervenor the Consumer Advocate for the State of South Carolina (the Consumer Advocate) was represented by Elliott F. Elam, Jr., Esquire. The Commission Staff was represented by F. David Butler, General Counsel.

The Petition for a Declaratory Order asks this Commission to afford KPOG and the Town certain relief in the way of defining the parameters of the proposed management audit, who should bear the cost of the audit and in what proportion, what

access to what records should be allowed, and other pertinent issues related to the audit. KIU filed an answer to the Petition, questioning many of the requests for relief cited by the Petition, and raising other defenses, including jurisdictional and timeliness defenses. Vigorous argument was presented by these parties concerning the matters outlined. The Consumer Advocate generally spoke in favor of the management audit. The Commission Staff opposed a continuation of the process, stating *inter alia* that the parties had met and corresponded, but all to no avail as far as the terms of a possible audit were concerned.

Our original charge in Order No. 2000-0401 was for the Staff to meet with all interested parties to coordinate a management audit of KIU. Obviously, no agreement was reached pursuant to the first meeting of the parties and subsequent correspondence as to any of the parameters of such an audit. Our belief is that the parties should have another opportunity to meet and attempt to work out matters related to the management audit of KIU. Accordingly, we hold that the Commission Staff shall have forty-five (45) days from the date that counsel for KPOG and the Town receive a copy of this Order to meet with the parties in this matter and once again attempt to mediate the scope of the management audit and funding issues related to the management audit. Counsel for KPOG and the Town is hereby required to notify General Counsel of the Commission and counsel for the respondent and intervenor upon receipt of this Order, so that the running of the forty-five day period can commence.

After the forty-five day period elapses, the Commission Staff is directed to bring this matter back to the Commission for discussion. Accordingly, the Petition for Declaratory Order is held in abeyance at this time.

This Order shall remain in full force and effect until further Order of the
Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)